

## **STATEMENT OF PURPOSE**

### **RS 23253**

This legislation eliminates the provision for collection of a \$10 administration fee related to the Real Estate Commission's statutory errors and omissions program. The Commission charged the fee when it processed licensee applications to purchase and renew group insurance. However, for many years licensees have purchased and renewed their insurance directly from the insurance provider. The Commission stopped collecting the administrative fee from group policy holders many years ago when it stopped processing their applications.

## **FISCAL NOTE**

None to the General Fund. None to the agency's Special Real Estate Account. None to any state or local political subdivision.

### **Contact**

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**Statement of Purpose/Fiscal Note**

**Bill No.**



Sixty-third Legislature

## LEGISLATURE OF THE STATE OF IDAHO



First Regular Session - 2015

IN THE \_\_\_\_\_

BILL NO. \_\_\_\_\_

BY \_\_\_\_\_

## AN ACT

RELATING TO REAL ESTATE; AMENDING SECTION 54-2013, IDAHO CODE, TO REMOVE OB-  
SOLETE LANGUAGE RELATING TO A FEE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 54-2013, Idaho Code, be, and the same is hereby  
amended to read as follows:

54-2013. ERRORS AND OMISSIONS INSURANCE. (1) Each licensee who is ac-  
tively licensed under this chapter shall, as a condition to licensing, carry  
and maintain errors and omissions insurance to cover all licensed activities  
under the provisions of this chapter.

(2) The commission shall make the insurance required under the provi-  
sions of this section available to each licensee by contracting with an in-  
surance provider for errors and omissions insurance coverage for each li-  
censee after competitive, sealed bidding in accordance with chapter 57, ti-  
tle 67, Idaho Code. The exact premium shall be set by the commission by mo-  
tion.

(3) Any policy obtained by the commission shall be available to each li-  
censee with no right on the part of the insurance provider to cancel coverage  
for any licensee.

(4) Each licensee shall have the option of obtaining errors and omis-  
sions insurance independently if the coverage contained in an independently  
obtained policy complies with the minimum requirements established by the  
commission.

(5) The commission shall determine the terms and conditions of coverage  
required under the provisions of this section including, but not limited to,  
the minimum limits of coverage, the permissible deductible and the permissi-  
ble exemptions.

(6) A licensee seeking to obtain or renew an active license shall  
certify to the commission that he is in compliance with the insurance re-  
quirements of this section. A licensee who elects not to participate in the  
insurance program administered by the commission shall obtain a certificate  
of coverage, signed by an authorized agent or employee of the insurance car-  
rier, reflecting proof of insurance meeting the requirements established by  
the commission. Upon request by the commission the licensee shall produce  
the certificate for inspection. Requests for certificates shall be sent  
by first class mail to the licensee's business or residence address as re-  
flected by the commission's records and a copy of the request shall be sent  
to the licensee's designated broker, if any. A licensee failing to produce  
a certificate of coverage within thirty (30) days of a request to do so may  
have his license inactivated by the commission and shall not be entitled to  
reactivate the license unless and until he provides to the commission a cer-  
tificate of coverage reflecting proof of insurance meeting the requirements

1 of the commission. Nothing in this subsection shall limit the ability of the  
2 commission to investigate or discipline a licensee for failing to maintain  
3 insurance while on active status in violation of subsection (1) of this sec-  
4 tion or for violating any other section of chapter 20, title 54, Idaho Code,  
5 or any rule of the commission.

6 (7) If the commission is unable to obtain errors and omissions insur-  
7 ance coverage to insure all licensees who choose to participate in the insur-  
8 ance program at a reasonable premium, not to exceed two hundred fifty dollars  
9 (\$250) per year, per licensee, the requirement of insurance coverage as pro-  
10 vided in this section shall be void during the applicable contract period.

11 ~~(8) The commission is also specifically empowered to charge and col-~~  
12 ~~lect an administrative fee in addition to the premium paid from each licensee~~  
13 ~~who obtains errors and omissions insurance through the commission contract,~~  
14 ~~which fee shall not exceed ten dollars (\$10.00) per licensee. This adminis-~~  
15 ~~trative fee shall be of an amount sufficient to raise that revenue required~~  
16 ~~to administer the provisions of this section. The limit in subsection (7) of~~  
17 ~~this section applies only to premium cost and not to any administrative fee~~  
18 ~~charged.~~